

## What's been happening recently?

1. The **tallest building** in our history was just constructed.
2. Our region has experienced some population growth.
3. **Children's Hospital** has created **tens of thousands** of new jobs.
4. **3CDC** is enjoying **tremendous success** in transforming our **downtown** and **Over the Rhine**.
5. **Northern Kentucky** is aggressively **pursuing** its **new vision**.
6. And The Banks is coming to life.

These are just a **few**.

But, with all of that, we still know that **we have** some very **serious challenges**:

1. Our **city population** has declined to **less than 300,000**.
2. Our **airport** has been severely "**down-sized**."
3. I don't need to rehash the **statistics on public education**.  
Granted, there have been **some bright spots**, but this continues to be a **huge problem**.
4. Our **fractured/dysfunctional government** structure is killing us. And our **region** still functions under **49 separate jurisdictions** along with **150 fire stations** that consultants say can be reduced to **50 without sacrificing safety**.

5. How many **Fortune 500 companies** were in Ohio 30 years ago? How many now?
6. **Our Region by the Numbers** was an **Indicators Report** undertaken last year ranking Cincinnati against 11 peer cities across critical areas – such as jobs, education and so forth. Our **combined overall rank** was 10 out of 12. Only Cleveland and Louisville trailed us.

**Fourth Quartile!** Can you **imagine** walking into an **investment advisor's office** and hearing that they **consistently perform** in the fourth quartile?

Can you imagine if you **ran your business** in the fourth quartile? You know you **wouldn't survive**.

If you want to see what the fourth quartile **eventually looks like** in the **rust belt** - just look at **what's happened** to **other cities** in this state.

Needless to say, we have some work to do.

### **PLATFORMS:**

That brings us to the topic - **Platforms for the 21<sup>st</sup> Century**. It's a term I use when I'm **speaking with our political leaders** in this community.

**No matter** what the subject is **that we're dealing with**, I try to insert the **challenge** – Is this particular **structure** the **best platform** for our community for the **21<sup>st</sup> Century**? Does it **provide** our citizens the **best environment** for **competing against**

our peers both **regionally** and **globally**? How are our **competitor cities** structured in these areas?

So let's **think** of this discussion as more about **over-arching process**, rather than **individual substantive issues**.

In this short period of time, I'm going to quickly cover: Political Structure; Economic Development; Long-term Capital Investment; Education; and the Airport.

### 1. **Political Structure**

We might as well start **right at the top** – our city/county form of government.

How much longer are we going to **watch this movie**? Is there **any citizen** in this community that believes that this is the most effective and efficient way to govern? Absolutely not!

Then **why** do we keep doing it this way? What is the **definition of insanity**?

There is **no possible way** that we can **compete effectively** in the future unless we fix this – both from an **operational standpoint** and a **structural standpoint**.

We have **obvious operational overlaps** that our political leaders simply do not have the **courage to address** - and our **dual structure stymies** us when we're trying to **tackle large projects**.

Whether it's The Banks, the **Eastern Corridor transportation plan**, or the funding and operations of a **joint**

**economic development authority** – we just can't get out of our own way. It's extremely **difficult and painstaking** to get anything accomplished.

We always like to use **Indianapolis** as an example of an efficient platform - and it has really worked for them. Whether the **right answer** for us is **political restructuring** - or a **comprehensive shared services model** – or something else... we need to transform ourselves **as soon as possible**.

So, what we've been **trying to do over the last year** is to create a **full blown public commission** similar to the **very effective commissions** that we've had in the past - such as the **Smale Commission, Buenger Commission and Phillips Commission**. It would be organized in a way to **assure broad-based** community support. This is very important!

The charge to this group would be to **address both operational efficiencies** and the **structural problems** of our dual government system. It would be **our generation's opportunity** to clearly **articulate** what we believe **should be** our **government platform** for the future. And this process **should provide cover** for the politicians because the **majority** of our community will have spoken.

I can tell you that the **County Commissioners** are on board. And **most of Council** is on board. But we need the **Mayor** to get out in front on this. If he would **agree**, we could get started immediately. And **he's real close**. Our **best results** will come if he **embraces this** on behalf of the City.

We're **pushing hard** on this because we **will continue** to fall behind if we don't address it. We **cannot continue** to **shy away** from this **challenge** any longer.

## 2. Economic Development

The **cornerstone** of the **Go Cincinnati** report was the **recommendation** to establish an **independent economic development authority** for our region. Currently we have **separate** county and city economic development departments; and we have a **limited Port Authority** that handles brownfield redevelopment and some **bond financing**;

If a **developer** or **new company** wants to do something, they have to **make stops all over town** in order to try to understand **entitlements** and **financing options**. I don't need to tell you that this is a **real antiquated model**.

A **perfect example** is The Banks development. If we had had an **independent** organization, with a **consistent, bondable stream** of income, structured **like 3CDC**, The Banks would have broken ground **10 years earlier** rather than being **stymied** due to the City's and County's **inability** to work together on **financing the decks**. The **best developers** in the country **literally came and went** over the years in **complete frustration**.

The Port Authority was **never structured correctly** before. So about three years ago the **City finally reconstituted** it so that it could act as an **independent** development authority. And the **City committed** a level of funding late last year – but that number is beginning to move around. We've **yet to**

**work out** an acceptable contract between the Port and the City. Hopefully, it will **contain the appropriate level of funding, independence and autonomy**. Again, 3CDC is the **obvious model** here.

Since we have **two governments**, another challenge will be **coordinating** the Port's efforts with the County. Ideally, funding will be coming from both the City and the County so **all three entities have to work together**. Because the City has been moving ahead without the County so far, we really haven't addressed this yet.

But that's where we are. And **if we get this right**, we will have the **beginnings** of a proper economic development **platform** as we move forward. It would be an **excellent** independent shared services model.

So it's a **work in progress**. But proceeding **way too slow!** When the **City and County** asked me to **help them** put together a board a couple of years ago, I agreed on the premise that it would be **fully funded within two years**. It's been two years and we're still screwing around with this thing!

### 3. Long Term Capital Investment

Another **glaring void** that we uncovered with the Indicators Study is that our city is **woefully behind** our peers in **venture capital investment**. Just for example, St. Louis, Raleigh and Pittsburgh are outspending us by **5 – 10 times**. Cleveland is outspending us by **more than 20 to 1**.

If Cincinnati and these cities were all **companies**, who do you think would go **out of business** first?

What you're seeing now is - cities with **large research and development expenditures**, typically cities with **large universities**, are teaming up with their **business communities** and **accelerating** the process of bringing technology, services and other products **to market**.

With the **difficulty of attracting** businesses to re-locate here, along with the **downsizing of our airport**, this is an excellent way to **utilize our own resources** and **plant new trees** right here.

Think of what we have here: UC spends over **\$400m a year** in research and development. Think of what **P&G** creates every year that might **not be large enough** for them to deal with. How about **GE, Ethicon, Children's**? How about our **consumer marketing** strength?

So, here is what we've done. We have **established a task force** that is charged with **creating**, and I'll use **Jim Anderson's** term here, an "**ecosystem**" wherein we can **expedite the process** of bringing new products to market and backing them with both **capital** and **leadership**.

You will be excited to hear that our **co-chairs** for this effort are **Jim Anderson** and **Bob McDonald**. The rest of the **governing body** is made up of the **CEO's** of our largest organizations, including our Universities.

So, that is the **foundation** of our platform for this space. I am **extremely excited** about this initiative. **This is big!** It should prove to be a **major job generator** for decades to come.

#### 4. Education (here's an easy one)

I know I **don't need** to burden you with **another rendition** of our public education statistics. What I don't understand is this - Why are there not **thousands of angry parents** literally marching in the streets? This is our city – so why aren't there **thousands of citizens** marching in the streets? This should be absolutely unacceptable. It certainly is **unsustainable** for our community long term.

On a **good note**, we have to **applaud** the **Strive Together Partnership** for organizing an **unprecedented collaboration** among different organizations to support the students from **early childhood through graduation**. Great collaboration! Great platform! We all look forward to **continued improving results** from this.

And **you can't talk** about **success factors** in the public schools without mentioning **Cincinnati Bell**. An incredible story! But, the **unfortunate reality** is, we don't have 30 more Cincinnati Bells in town.

**When I think** of the public school system, I like to think in terms of **open architecture** - where CPS is truly **supporting a portfolio of schools and academic excellence** where **parental choice** is the **key driving principal**.

As most of you know, last year a group of us took the **entire school board** to **New York** to visit three high-performing charter schools in Harlem and the Bronx – **Green Dot, KIPP** and the **Harlem Success Academy**. Very impressive!



By the time we returned home the Board members were discussing **into which existing public school building** would they **house** and **support** a national, high-performing charter school. That's big progress!

So, the **first order of business** upon their return last fall was to form a **committee**, chaired by Melanie Bates, to receive and review **applications from high quality charters**. This is a **great step**, but what they have to do now is to publicly **state**, via a **Request for Proposal**, that CPS will actually financially **support** and **embrace** high quality schools so that we can **do what it takes** to attract the likes of KIPP and Green Dot to Cincinnati.

Of course, the **SEED school** effort is well underway, spearheaded by the **Farmer family**. This is going to be a **fabulous addition** to our community. But to **compliment** a boarding school, we need **another exemplary** day school as well. We already **have a few** – Taft being one of them.

And we know that this is **not the complete answer** by any stretch. There is **no single answer**. It's one part of a **larger portfolio** of answers, which ultimately **provides** for **good choices within and without** the current public school system.

I was talking with a **director** of one of our **premier high schools** in Cincinnati the other day. She has spent her **entire life** in education. She commented that one of the **real problems** that **hinders teacher motivation** is the fact that they know that many of their students **simply will never be able to afford** to go to college, even if they do well in middle school and high school.

She said that **resolving this problem** would be **extremely impactful** – one of many needed **silver bullets**.

So, **where** does this discussion **lead** us? Look at what the **Hope Scholarship** has accomplished in Georgia. What is happening in **Kalamazoo**? And in **Pittsburgh**? Where college scholarships are awarded to **every public high school graduate** through various foundations.

Should we be talking about **the Cincinnati Promise** again? Should this be a **core platform** for our city for this century, **reflecting the supreme value** we put on education?

I know that there is a **perception** that **some** of the **scholarship money** currently available from various sources is **not** being completely utilized. That may be true - I don't know. But the question is - should we **first make sure** that we're **maximizing our current available funds** - and then **supplement** them with a program that would assure every teacher and parent that success in CPS **guarantees college level financial support**.

And, if we **couple that** with the **requirement** of living within the city limits, as Kalamazoo has, could it be one of our **new key drivers** for turning around our **population decline** in the city? Would it have the **multiple effects** of:

- **motivating** parents, teachers and students;
- helping **stem any brain drain** that may exist;
- and **encouraging families** to move back into the city - and **pay more attention** to what's happening in their public schools;

The **economic development piece** to this is very **intriguing**.

OK. Here is the **final point** regarding education:

Are we **assembling our school board** properly by **direct elections**? A **different model** is used in the **larger cities** such as Chicago, New York and Washington - which **provides the Mayor** with the **right to appoint** a majority of the board. As you know, this is what provided the **political cover** for Michelle Rea in D.C. and Joel Klein in New York to **really push for transformation** in those districts.

Should the Mayor have **increased power and influence** here to strengthen the **negotiating position** of the school board vis-à-vis the Union and **provide protection and support** for the Superintendent's actions?

If we had a structure like that, would we be in a **better position to attract the best and the brightest superintendents** to lead our schools? Is there **another better model** for this which provides a **decent counter balance** to **Union dominance**?

Of course, the **risk** of giving the Mayor **more power** here is that we would have to deal with the **different views** of different Mayors. But, given our current circumstances, is that a **risk worth taking**?

On our trip to New York, **someone asked Joel Klein** - what is his **most important advice** to the Cincinnati contingent. His answer: **"Be Bold"!!** Be bold. Would a different

structure **allow** for **more bold action** from our superintendent – such as **we’ve seen** in these other cities?

You know, oftentimes when I’m **talking** to the school **board members** about **new ideas** they invariably come up with the **excuse** that – “**we don’t have the money.**” I tell them that – if you **truly undertake transformative action** - then this community will support **any levy you want** with **flying colors.**

That’s **how important** this is. Because **no matter** how many **initiatives** we undertake **outside** of CPS, we’ll **never** make it **without internal reform** as well. The system is just **too big.**

OK. Final Topic:

#### 4. **Airport**

We all understand that the downsizing of the airport **feels devastating.** But what’s **really happened here** is that we have been **right-sized.** In the good old days 80% of our traffic was **transient.**

A few months ago, I looked up the **make-up** of our airport board. The chairman was a **surgeon** and the vice-chairman was an **interior designer.**

Now, of course, I make **no disparaging comments** about these individuals. After all - **I married** an interior designer. And, come to think of it, **she’s works pretty hard at benchmarking** other airports.

I’m sure these **board leaders** are **very bright and talented** but, given their **backgrounds,** the **question is glaring** as to

whether this **current board structure** is most effective. **After all**, we are talking here about, **literally**, our **port to the world**.

**John Mok** continues to want the **business community** to pledge \$5 – 10m **without knowing** precisely what that money will buy. Frankly, we **don't have enough data** yet to know **exactly what we need** – short term or long term.

And, of course, **any subsidizing** of other carriers **can't be negotiated** nor **undertaken** by the Airport because of the Delta contract – which **expires** within the next few years.

**Long story short**, we have decided to set up an **independent committee** of **major users** and **other city leaders** that can be our community's **point of attack** moving forward. The CBC and the Chamber will **provide the financial support** to hire the **best national consultant** or **consultants** that we can identify and undertake the **processes** of both **data gathering** and **pursuing the optimal course** for our airport.

That's our **new platform** and I know John Mok is **pleased** that we're **finally moving** in this direction.

One **final point**, we need to **stop the negative talk** about our airport. First, it's **not going to change** any time soon. And second, we still have **more direct flights** than many of our peer cities.

**Conclusion:**

So let's **roll all this up** and create a **vision**.

The **Target Corporation**, based in Minneapolis, **donates 1%** of its **net income** every year to the Minneapolis community. They take **tremendous pride** in this. **Western and Southern** does this also in our community.

**Other** companies do this as well. Some right here in **this room**. But what if this was a part of our **corporate culture** here in Cincinnati for **many more companies** got on board – or even got on board for **half** of that? Can you imagine the **impact**?

Now, **underpin** that with a **single point** of government – **streamlined** with **no redundancies** or **inefficiencies** – truly implementing **best practices**. How about a **strong, executive Mayor** who is **accountable for operations**?

Imagine a **single economic development platform** similar to 3CDC, operating **all across** the City.

Add to that, an **annual venture capital investment** of \$100 – 200m a year – **founding** and **nurturing** new local companies.

Let's envision a **school board** that will **firmly support** a **dynamic superintendent** as he or she **pursues truly "bold" changes** in the way we operate our schools – with a heavy dose of **decentralization, empowerment** and **flexibility** for the **principals**, and many **good choices** for parents.

Add to that a **Promise** to our entire city – that if you're child **graduates** from high school, then a **college scholarship** will be **provided**.

And our city's **port to the world**, our airport, would be led by our **finest leaders** in our community. And especially leaders with the **biggest stakes** in the airport.

Now how does all of that **feel**? Is this a **place** where you would want to live?

And here's the **punch line** – we can do this all by **ourselves**! We're **not held hostage** to federal funding or state funding or anything else. It is **completely** in **our power** to achieve this vision.

And we do **need** to be **bold** – on all of **these fronts**. We need to **do more** than simply “**catch up with average**.” One of **Carl Lindner's cards** that he carries around with him states – “**If it is to be, it's up to me**.”

That is the **attitude** that we all **need to have** if we're going to **make a difference**.

**Don't sit back** and expect our political leaders to **eventually solve** these problems. They're **worried** about the **next election**. They need **serious pressure** from us and they need it **now**.

And, by all means, **don't give up**! We can't simply **turn our backs** on politics because we're **frustrated**. We still hold the **power** and we need to **use it**!

And we all know the **old saying** – “If we're not part of the **solution**, then we're part of the **problem**.”

This is **our city** that we **hope to pass** on to our children. We want them **to want** to live here. So – what are we going to give them?

A 150 yr old **city/county government structure** while **Indianapolis** runs right by us? What are we going to say to them – Oh, sorry kids, but that's **the best** we **could** do.

Are we going to give them a city whose **economic base** is **eroding**?

Are we going to give them **this school system** and expect them to want to **raise their kids** here? Sorry, we just **never** could get **everyone** to **understand and agree** that the **students come first** and that **results and performances** are important.

The world is moving at **warp speed**, and **we and our airport are not**. For we **currently reside** in the **bottom quartile**.

And that needs to be our call to action.